IT Initiative Supplement

February 25, 2010

I. Project Description

Project Title: TPL Case Management System/Database
Brief Description of the Project Title: This system will replace a Microsoft Access database that does not have the capabilities to store and organize the many types of data necessary for case management of Third Party Liability cases that ultimately return monies to the state.
Statewide Priority: 1
Agency Priority: 1
Estimated Completion Date: FY2015
IT Project Biennium: FY2012-13, FY2014-15
Request Number:
Version:

Agency Number: 6901
Agency Name Department of Public Health and Human Services
Program Number:
Program Name: Quality Assurance Division

A. Type of Project (check all that apply)

Enhancement	
Replacement	
New	**X**
O&M	

B. Type of System (check all that apply)

Mid-Tier	**X**
Mainframe	
GIS	
Web	**X**
Network	
Desktop	

II. Narrative

C. Executive Summary

The Montana Department of Public Health and Human Services (DPHHS or Department), Quality Assurance Division (QAD) is working to improve the effectiveness of its lien, estate recovery, and casualty recovery activities. These three types of recoveries are collectively called third party liability (TPL) recoveries. QAD's TPL Unit currently conducts TPL recovery processes manually, using paper clipping services, paper reports, and two Access databases. These manual processes are inefficient and less effective than a more automated process would be.

A key component of improving the effectiveness of TPL recovery processes is obtaining a case management system to automate many of the current manual processes. A case management system could, among other things, electronically share information with other systems, support workload management for general users and managers, incorporate document management functionality, and allow for robust reporting of TPL recovery activities.

Project Purpose and Objectives:

In 2007, the Department applied for and received a CMS Transformation Grant. The purpose of the grant was to improve lien and estate recoveries by automating time-consuming, manual processes and developing or improving systems that will ultimately increase recoveries. DPHHS envisioned accomplishing this through assessing the effectiveness of the current processes, automating the processes that can be automated, and creating a systematic way to capture data to enhance lien and estate recoveries – with the goal of increasing the amount of collections on liens and estates to return to the Medicaid Senior Long Term Care program.

Within the scope of this grant, the Department contracted with Public Knowledge to conduct a redesign of its lien and estate recovery business processes. A central finding of the redesign report was a need for a case management application to automate the Department's TPL business processes. With this established, the Department defined functional system requirements for a case management system, which were used as the basis for a request for information (RFI) from vendors. Requirements were identified for casualty recovery and conditional assistance in addition to lien and estate recovery, since all four of these activities fall within the purview of the TPL Unit. The RFI's purpose was to see how these requirements matched up with existing solutions in the marketplace. Public Knowledge analyzed the nine responses through a gap analysis, which compared the responses with the requirements and with each other. The gap analysis along with the business process redesign report form the basis of this alternatives analysis.

The Department developed system priorities within the gap analysis and alternatives analysis processes. These system priorities, in conjunction with the functional system

requirements, shaped the selection criteria and options presented for the alternatives analysis. The system priorities are listed below.

The system must be accurate and allow for timely and consistent use.

The system must work within the Department's enterprise architecture, utilizing the enterprise service bus to exchange/integrate information with CHIMES-Medicaid, the Shared Fiscal Services Layer, and other related systems.

- The system must support efficient and easy data input.
- The system must support tools to manage and prioritize work, supporting different tools for varying user roles.
- The system must contain flexibility to allow users to make decisions based off their knowledge and experience, and not be constrained by pre-defined rules.
- The system must allow users to maintain business processes and alerts.
- The system must support accurate, flexible and customizable reporting (for state, program and individual use).
- The system must support documentation management.
- The system must ensure robust and controllable system access and security.

Technical Implementation Approach:
Not yet decided

Project Schedule and Milestones:
N/A

Business and IT Problems Addressed
The Department is, or will be, replacing a large number of its systems, including the Medicaid Management Information System, the Supplemental Nutrition Assistance Program (SNAP) eligibility system, the Temporary Assistance for Needy Families (TANF) eligibility system, the Montana Automated Child Welfare Information System (MACWIS), and others. Many of these systems, particularly the SNAP, TANF, and MACWIS systems, include requirements for case management functionality. Potentially a vendor may offer a commercial-off-the-shelf product that would serve as the shared case management service for the Department. If this occurs, the Department could modify this tool to meet its TPL recovery needs. We focus solely on the TPL Unit's needs and the Department's current system reality in this analysis, without hypothesizing whether a shared service may come to fruition. However, if a tool that could serve as a shared service is procured, this would become a viable alternative for this project.

- Additional issues, assumptions, and constraints forming the landscape for this analysis include the following:
- The Department does not yet have definite funding for a TPL recovery case management system.

- Request for information responses informed our analysis of the COTS procurement alternative. These documents do not fully represent the vendors' products or their ability to meet the Department's detailed requirements, since they are in response to a truncated set of requirements.
- Appropriate Department staff participated in defining requirements and the scoring session.
- The Information Systems Bureau has Java programming expertise, and any Microsoft programming work would have to be externally contracted.

D. Alternative(s)

Alternatives Considered:

Numerous case management solutions exist in the marketplace, and the Department obtained detailed information about them through the RFIs and resulting gap analysis. In addition to these marketplace solutions, the Department wanted to examine how a case management application could be built as a module within the Medicaid eligibility and claims systems. The Department also learned about Washington's custom-built lien and estate recovery system during the business process redesign's best practice research. The Department used all of this information to define the six alternatives documented in this report, which include:

1. Retain current processes, using Access databases and manual tracking methods.
2. Purchase and host a commercial-off-the-shelf (COTS) product.
3. Purchase a hosted, full solution COTS product (HMS).
4. Transfer a system from Washington.
5. Procure a TPL case management module within CHIMES-Medicaid.
6. Procure a TPL case management module within the MMIS.

Rationale for Selection of Particular Alternative:

Based on defined criteria and requirements, procuring a COTS product best meets the Department's needs. This procurement option received the highest ranking, as shown in Section 5, for the following summarized reasons:

- The COTS products generally meet the Department's functional requirements, and some even offer additional functionality. They support robust reporting tools, document management components, and caseload management functionality.
- COTS products have generally been successfully implemented in other states, making this alternative less risky and more achievable.
- A vendor will support its COTS product in terms of upgrades and overarching maintenance needs. This support further lowers the risk associated with this alternative and makes it more achievable.

- This alternative best fits into the enterprise architecture vision of the Department. The COTS products were generally web-based and could easily exchange information electronically with other systems using the enterprise service bus. A COTS product could serve as the case management shared service for the Department. ISB will most likely be able to configure and/or enhance the COTS product to meet varying business needs throughout the Department.
- A COTS product will be a long-term investment for the Department, lasting ten to 20 years. Many of the COTS products from the request for information responses were highly configurable, meaning the Department could easily adapt the product for unique and changing needs without developer involvement.

E. Narrative Detail

Retain current processes. This is the lowest scoring alternative. Retaining the current processes is associated with a very high opportunity cost. The Department estimates that by not automating its current processes it is missing between ten and 25 percent of the total annual recoveries. This translates to $150,000 to $375,000 annually. Additionally, the Access databases are not secure and are not supported by any IT staff. Workers would continue to expend significant time manually tracking and entering data if this alternative were selected.

Purchase a hosted, full solution COTS. This option scored second lowest, just above retaining the current Access databases. The Department previously contracted out TPL recoveries without seeing any increased recoveries or decreased staffing needs. Best practice research indicated that states using HMS do not recover more than states conducting their own recoveries. The Department does not want to pay a portion of its recoveries for similar results that it attains on its own, while also losing control over its recovery processes.

Transfer Washington's system. This alternative scored second highest. The Washington system, while a great short to medium term alternative, will not necessarily work for the Department in the longer term. It is Microsoft rather than Java-based, which means the Department will be dependent on external contractors to modify and maintain the system. Additionally, it is a somewhat older system, and may not have adaptability or other features newer systems offer, which may fit better into the Department's enterprise architecture vision. The cost of procuring the accounts receivable COTS, on which the estate recovery functionality is based, made this a less preferable short to medium term solution than procuring a new COTS product.

Procure a TPL case management module within CHIMES-Medicaid. This alternative also scored poorly. It is not a good time to add work to the CHIMES-Medicaid project. The system is supposed to go-live in October 2009. Much of the hoped for functionality has become post-implementation enhancements. Additionally, Northrop Grumman is working on adding a Healthy Montana Kids module to CHIMES-Medicaid and completing the Health Insurance Premium Payment System. Adding the TPL recovery case management system to this workload may stretch Northrop Grumman resources too far.

Procure a TPL case management module within the MMIS. This alternative scored just slightly higher than adding the TPL recovery functionality to CHIMES-Medicaid. TPL recovery will most likely be a low priority within the MMIS project, meaning the Department's needs may not be adequately met in a timely manner. However, both MMIS proposals include good casualty recovery functionality. The Department will most likely keep casualty recovery within the MMIS, and focus on automating lien and estate recovery functionality initially within CARS, and eventually within a COTS product.

III. Costs

G. Estimated Cost of Project:

Estimated Cost of Project	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Total
1. Personal Services - IT Staff							0
2. Personal Services - Non IT Staff							0
3. Contracted Services			500,000	50,000	50,000	50,000	650,000
4. ITSD Services							0
5. Hardware							0
6. Software							0
7. Telecommunications							0
8. Maintenance							0
9. Project Management							0
10. IV & V							0
11. Contingency							0
12. Training							0
13. Other							0
Total Estimated Costs	0	0	500,000	50,000	50,000	50,000	650,000

Total Funding:

IV. Funding

H. Funding

Total Funding

Fund		FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Total
1.	01100			50,000	5,000	5,000	5,000	65,000
2.	03580			450,000	45,000	45,000	45,000	585,000
3.								0
4.								0
5.								0
6.								0
Total Estimated Costs		0	0	500,000	50,000	50,000	50,000	650,000

Cash/Bonded:

Bill Number:

V. Cost upon Completion

1. **Operating Costs upon Completion**
   This is an ongoing effort and does not have a completion date.

   FTE:

   Personal Services Costs:

   Operating Costs:

   Maintenance Expenses:

   Total Estimated Costs:

2. **Funding Recap**
   This is an ongoing effort and does not have a completion date.

   Fund Type:

   Amount:

   Total Funding:

V. Risk Assessment

A. Current IT Infrastructure Risks

1. Current application 10+ years old? _N/A_
   Date of last major upgrade?

2. Current application is based on old technology? _N/A_
   If yes, what is the current hardware platform, operating system, and programming languages used to support the application?

3. Is the agency not capable of maintaining the current application with internal technical staff? _N/A_
   If yes, who supports the application today?

4. Other IT infrastructure risks? _N/A_
   If yes, provide further detail.

B. Current Business Risks

1. What are the risks to the state if the project is not adopted?
A key component of improving the effectiveness of TPL recovery processes is obtaining a case management system to automate many of the current manual processes will not be met.

2. Does the current application meet current business requirements? _N/A_
   If "no", what specific business functions does the application lack?

C. Project Risk Assessment

1. Describe any major obstacles to successful implementation and discuss how those obstacles will be mitigated.

Table H Risk Assessment

Description	Severity (H/M/L)	Probability of Occurrence (%)	Estimated Cost	Mitigation Strategy